

Message Text

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PAGE 01 STATE 090962
ORIGIN ARA-14

INFO OCT-01 ISO-00 SS-15 /030 R

DRAFTED BY ARA:SASHELTON/ARA/ECA:NBOUTON:TR
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R 080218Z APR 78
FM SECSTATE WASHDC
TO AMEMBASSY BRASILIA
INFO AMCONSUL SAO PAULO

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E.O. 11652: N/A

TAGS: EINV, SENV, BR

SUBJECT: INVESTMENT PROBLEM IN BRAZIL

REF: STATE 79692 (NOTAL)

1. DEPT WAS CONTACTED EVENING MARCH 27 BY TWO EXECUTIVE OFFICERS OF CONTINENTAL GROUP, INC., NEW YORK, CONCERNING A PROBLEM WITH THE BRAZILIAN GOVERNMENT THEY HOPE CAN BE RAISED AS APPROPRIATE. CONTINENTAL FOREST INDUSTRIES, A SUBSIDIARY OF CONTINENTAL GROUP, TOGETHER WITH GOB AND BRAZILIAN PRIVATE SECTOR, HAVE INVESTED \$350 MILLION IN A CARD-BOARD/PAPER MILL IN SAO PAULO. IN SPITE OF THE PROJECT'S ANTICIPATED PRODUCTION OF \$50 MILLION ANNUALLY IN EXPORT SALES ALONE AND AN EMPLOYMENT CAPACITY OF 500 PERSONS, AND DESPITE GOB AND BRAZILIAN PRIVATE SECTOR DIRECT INTERESTS IN PROJECT, PROBLEMS HAVE ARISEN AS A RESULT OF BRAZILIAN ENVIRONMENTAL GROUPS' CONCERNS ABOUT

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POTENTIAL POLLUTION. ACCORDING TO CONTINENTAL GROUP OFFICERS, ALL NECESSARY ENVIRONMENTAL CLEARANCES HAVE BEEN OBTAINED FROM GOB, PROJECT IS AWAITING FINAL APPROVAL ON PRESIDENT GEISEL'S DESK, AND BUREAUCRATIC LETHARGY IS COSTING INVESTORS SUBSTANTIAL AMOUNTS OF MONEY. THEY HAVE ASKED THAT USG RAISE THE ISSUE WITH GOB, AS APPROPRIATE.

2. DEPT UNDERSTANDS THAT THE CONTINENTAL MILL WAS MENTIONED AT THE JANUARY POLLUTION CONTROL TRADE CENTER SHOW IN SAO PAULO AS AN EXAMPLE OF THE GOB'S INCREASING INTEREST IN POLLUTION CONTROL. AMCONSUL SAO PAULO MAY HAVE COMMENTS TO FURTHER CLARIFY THE CIRCUMSTANCES BEHIND CONTINENTAL'S PROBLEM.

3. SUBSTANCE OF ABOVE WAS FIRST SENT TO AMB. TODMAN IN CARACAS AS MEMBER OF PRESIDENT'S DELEGATION. UNACCOUNTABLY HE NEVER RECEIVED IT, SO SUBJECT WAS NEVER RAISED. WE WOULD APPRECIATE EMBASSY RAISING MATTER AS APPROPRIATE AND INFORMING DEPARTMENT OF OUTCOME. VANCE

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Message Attributes

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Disposition Approved on Date:
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Disposition Event:
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